

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – MARCH 22, 2006

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Kathleen Hass, Director of Purchasing; Steven Slovenski, Legal Counsel; Evie Taft, Human Resources Administrator; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Lt. Lisa Soiett, Bureau of Enforcement; Doreen Wittenberg, Administrative Services. Guests: Al Picconi, Southern Wine & Spirits of N.E., Inc.; Michael Goclowski, Law Warehouses.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending March 19, 2006 were down by (0.13%) or (\$8,485.00) for the weekly comparison, but were up year-to-date by 6.07% or \$17,518,732.

Craig will accompany Randy Avery to the Governor and Council meeting this morning, as the Department of Justice grant for Enforcement is on today's agenda.

There are no other liquor hearings scheduled with the exception of SB 412 and SB 419.

Craig and John Tower have met with several vendors relative to the security project. Craig will provide the Commission with a final report on proposed work and costs once all quotes are received. It cannot be determined right at this time if some of the work can be done by the Maintenance crew.

A telephone directory has been added to the web's home site page. Numbers have been included for each of the bureaus.

An e-mail was received yesterday from Brian Law stating that he is in the process of putting together a response to Law Warehouse's contract renewal with the Commission.

A meeting was held yesterday with UPS representatives, and another will take place next week relative to the licensee project as well as the public on-line ordering project.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 72% expended, with total agency expenditures at around 70%. The Commission's request for approval to transfer monies for travel and salary expenses is on the Fiscal Committee agenda for this Friday. Benefits continue to be an issue and are being closely monitored. Craig reminded the Bureau Chiefs of the deadline to submit information for the capital budget.

2. IT Report

The ICE server is still experiencing difficulties with training scheduling and e-mailing. IT is in the process of resolving these problems.

Bids are due next Monday afternoon for the point-of-sale RFP.

Howard requested that representatives from OIT be allowed to present their memorandum of agreement concerning what that office will provide to the state agencies at next week's Commission meeting at 9:00 a.m.

3. Human Resources Report

Evie and Craig will be meeting with Liberty Mutual and Risk Management representatives regarding the Workers' Compensation Action Plan. When changes are incorporated, this plan will be presented at the Commission meeting. This was also discussed at the managers' meeting yesterday.

The focus at the next Safety Meeting will be on employees' return to work

II. MARKETING & SALES REPORTS

1. Store Operations

John Bunnell reported that the managers' meeting held yesterday at the Puritan Backroom in Manchester was excellent. Peter said that the meeting was the kick-off for the spring promotion. Changes in inventory and merchandising processes were also addressed. In addition, Paula Booth covered sexual harassment training. Nicole, Rick and Kathy were all commended for their contributions to the meeting.

Total store sales for the week ending 3/19/06 were up \$7,475.93 or .15%, which is indicative of when the Easter holiday occurred last year.

2. Purchasing Report

Kathy distributed the latest warehouse inventory reports for review.

3. Merchandising Report

A. SPIRITS:

1) Test Market Request (Pearl Vodka & Pearl Persephone Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Luxco for new test market listings for Pearl Vodka, 750ML size (assigned new Code #3870) and Pearl Persephone Vodka, 750ML size (assigned new Code #3902), to be carried in Cluster 1, 2 and 3 stores only, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Request (Level Vodka, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Future Brands LLC for an added size listing of Level Vodka, 1.75L size (assigned new Code #3252), as the brand in the 750ML size has exceeded the gross profit required for a size extension, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Swap Request (Ezra Brooks Bourbon, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table a request from Southern Wine & Spirits of N.E., Inc./Luxco to delist Code #8693, Ezra Brooks Bourbon, 750ML size, to be replaced with this brand in the 1.75L size, pending further information. The motion was unanimously adopted.

4) One Time Buy (Tequila Rose Strawberry Cream Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./McCormick Distilling Company for the Commission to make a one-time purchase of Code #5042, Tequila Rose Strawberry Cream Liqueur, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) May Special Offers:

a. 3 items – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of three (3) spirit items, to be featured on sale during May 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 4 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of four (4) spirit items, to be featured on sale during May 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 125 items – Southern Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Southern Wine & Spirits of N.E., Inc., based upon depletions of one hundred twenty-five (125) spirit items, to be featured on sale during May 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for May 2006 (8 items – Memorial Day Sale):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers, based upon depletions for eight (8) wine items, to be featured during the Memorial Day Sale scheduled for May 18 through May 29, 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) June 2006 E-Mail Alert Coupon (Covey Run):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Southern Wine & Spirits of N.E., Inc. to utilize an e-mail alert coupon on behalf of Covey Run wines during June 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Increase Distribution on 3 Blind Moose:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Pine State Beverage Company/ Canandaigua Wine Co. to expand the distribution of three (3) 3 Blind Moose wine items by placing three absolutes in all stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Purchase & Introduction of Green Point Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Moet Hennessey USA to purchase and introduce two (2) Green Point Wines of Australia varietal products during March and April 2006, to be distributed to all Cluster 1 stores and six (6) additional stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Test Items:

a. Test Clos De los Siete Argentina Wine:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. to test Code #42886, Clos De Los Siete by placing three absolutes in all Cluster 1 stores and eight (8) additional stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Maison Joulie Burgundies:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Perfecta Wine

Company to test three (3) Maison Joulie Burgundy products by placing three absolutes in all Cluster 1 stores and two (2) additional stores, and approve the removal from retail of two lists of burgundy wines with a reduction in price, to make room for the new items, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Allocated Wines for Distribution (17 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of seventeen (17) allocated wine products to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Recommended Allocated Wines (Absolutes) for Distribution (2 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of two (2) allocated wine products (absolutes) to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) “R” Wines for Allocation to Licensees (3 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve three (3) restricted wine codes for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Primary Source Submissions (51 exclusive agent; 25 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of fifty-one (51) wine codes which are offered by the exclusive marketing agent and twenty-five (25) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – No report.

IV. CHAIRMAN’S REPORT & LATE ITEMS

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1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated March 16 through March 22, 2006. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

D. Hartford